

*(Agency Name)*

**PURCHASING CARD PROGRAM**

**POLICIES AND PROCEDURES**

**Date**

REVISED 08-15-06

**(AGENCY NAME) PURCHASING CARD PROGRAM  
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**PARTIES INVOLVED**

**Card Issuer** -Bank of America's services include issuing Visa Purchasing Cards to Agency Name employees, providing electronic transaction authorizations, and billing the Agency Name for all purchases made on the cards.

**Agency Name**-Arranges with the card issuer, Bank of America, to have Purchasing Cards issued to approved employees and agrees to accept liability for the employees' use of the cards.

**Department Head** -Agency Name official who must approve employee's request for a Purchasing Card, assign Departmental Liaison, designate default accounting code for purchases on the Purchasing Card, and submit application to the Purchasing Card Administrator. Department Head approval delegates transaction authority to the Cardholder.

**Departmental Liaison** -An employee in each department designated by the Department Head to be responsible for reviewing transactions of individual Cardholders to make sure the transactions are legitimate business expenses and are classified appropriately.

**Purchasing Card Administrator** -The central Administrator located in the Organization's Purchasing Department who coordinates the Purchasing Card program for the Agency Name and acts as the Organization's intermediary in correspondence with the card issuer.

**Cardholder** -An employee of the Agency Name who is approved by his/her Department Head to use the Purchasing Card to execute purchase transactions on behalf of the Organization.

**Vendor** -The merchant from whom a Cardholder is making a purchase.

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**PURCHASING CARD PROGRAM OVERVIEW**

- Purchasing Cards will be issued to Agency Name employees only.
- The employee's name must be embossed on the card.
- Purchasing Cards will not be transferable between individuals or departments.
- Each Cardholder will be assigned to a Departmental Liaison.
- Each Card will be assigned a default accounting code.
- Departmental Liaison may be auditor for more than one department.
- All Departmental Liaison work at the instruction of the Purchasing Card Administrator.
- Employee's Department Head must approve the request for a card, assign the default account number and assign the Departmental Liaison for the Cardholder.
- Cardholders make purchases (using established guidelines) and receive a monthly Cardholder statement from Bank of America.
- Cardholder matches receipts to monthly statement and forwards to Departmental Liaisons for review and storage.
- Monthly Departmental reports of cardholder transactions will be distributed to Department Liaisons. Liaisons will have the responsibility for overriding the default accounting code for a transaction, identifying transactions subject to use tax, approving bills and adding cost share information if required.
- Bank of America sends consolidated invoice to Agency Name at the end of monthly billing cycle which is 27th of each month.
- An ACH payment is made to Bank of America within 25 days after the end of the billing cycle.

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**CARDHOLDER RESPONSIBILITIES**

The Cardholder must use the Purchasing Card for legitimate business purposes only. The Purchasing Card may not be used for travel, registration fees, entertainment, cash and other categories as included in the Listing of Blocked Vendors (Attachment 1). Misuse of the card will subject Cardholder to disciplinary action in accordance with Agency Name Policies and Procedures relating to disciplinary action and termination for cause. The Cardholder must:

- Ensure the Purchasing Card is used for legitimate business purposes only.
- Maintain the Purchasing Card in a secure location at all times.
- Not allow other individuals to use their Purchasing Card.
- Adhere to the purchase limits and restrictions of the Purchasing Card and ensure the total transaction amount of any single transaction does not exceed \$2,500.
- Obtain and reconcile all sales slips, register receipts, and/or Purchasing Card slips to Bank of America's Cardholder statement and provide same to Departmental Liaison for reconciliation, approval and allocation of transactions.
- Notify Departmental Liaison if the default accounting code should be changed on an individual transaction.
- Attempt to resolve disputes or billing errors directly with the vendor and notify Bank of America if the dispute or billing error is not satisfactorily resolved by faxing Bank of America the required Dispute Form (Attachment 2).
- Ensure that an appropriate credit for the reported disputed item or billing error appears on a subsequent Cardholder statement.
- Not accept cash in lieu of a credit to the Purchasing Card account.
- Identifying and notifying the Departmental Liaison of transactions which require the submission of use tax to the Department of Revenue.
- Immediately report a lost or stolen card to Bank of America at 1-800-538-8788 (24 hours a day, 365 days a year).
- Immediately notify Departmental Liaison of a lost or stolen Purchasing Card at the first opportunity during normal business hours.
- Return the Purchasing Card to Departmental Liaison upon terminating employment with the Agency Name or transferring Departments within the Organization.
- If a vendor does not accept Visa, contact the Departmental Liaison.
- Report erroneous and emergency transaction needs to the Departmental Liaison during normal business hours.

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**DEPARTMENTAL LIAISON RESPONSIBILITIES**

Each Department Head must designate one or more Departmental Liaisons for his/her department. The Department Head will assign a Departmental Liaison for each Purchasing Card application approved for his/her employees. The Departmental Liaison must receive training before any employees in the department may receive a Purchasing Card. Responsibilities include:

- Reviewing vendor receipts attached to the Bank of America Cardholder statements.
- Retaining all Cardholder charge slips and receipts for audit by internal and external auditors.
- Reviewing Cardholder transactions on the monthly Department report distributed by the Purchasing Card Administrator.
- Requesting the Purchasing Card Administrator to change default accounting codes for individual transactions by updating default accounting codes on the monthly Department reports in advance of the monthly cut-off date established by the Purchasing Card Administrator.
- Attempting to resolve any disputes with vendor and/or Bank of America not resolved by Cardholder.
- Notifying Purchasing Card Administrator in 3 to 5 days of any unresolved disputes, noting the reason for dispute.
- Identifying and notifying Purchasing Card Administrator of transactions which require the submission of use tax to the Department of Revenue.
- Notifying Purchasing Card Administrator of lost or stolen cards.
- Requesting Purchasing Card Administrator to cancel a Cardholder's card (e.g. terminated employees, transferring departments, loss of purchasing card privileges) as approved by Department Head.
- Collecting canceled cards from Cardholders and forwarding to Purchasing Card Administrator.
- Notifying the Purchasing Card Administrator of Cardholder request(s) to have Bank of America set up a vendor to accept Visa.
- Assisting Cardholders with erroneous declines and emergency transactions.

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**PURCHASING CARD ADMINISTRATOR RESPONSIBILITIES**

The Purchasing Office will assign a Purchasing Card Administrator to be responsible for the over-all Purchasing Card program. Responsibilities include:

- Agency Name liaison with Bank of America.
- Utilizing InfoSpan/EAGLS Software from Bank of America.
- Reviewing Department approved applications for completeness of required information.
- Submitting completed application to Bank of America and receiving Purchasing Card from Bank of America.
- Training Departmental Liaisons before releasing Purchasing Cards.
- Training Cardholder before releasing Purchasing Card.
- Having Cardholder sign Cardholder Agreement (Attachment 3), signifying agreement with the terms of the Purchasing Card program.
- Handling disputed charges/discrepancies not resolved by Cardholder or Departmental Liaison.
- Initiating change of default accounting codes upon request of Department Liaisons as approved by their Department Head.
- Securing revoked Purchasing Cards and submitting information to Bank of America.
- Receiving and reviewing Bank of America bill.
- Distributing monthly reports to Departmental Liaisons and notifying Departmental Liaisons of cut-off date for approvals and default code changes.
- Making accruals for transactions which require the submission of use tax to the Department of Revenue.
- Processing electronic upload of bill to accounting.
- Preparing bill for payment and submitting to Accounting for ACH payment.
- Reconciling Bank of America's bill to Bank of America's electronic file and to the transaction totals posted to the Organizations accounting system.
- Reviewing usage of Purchasing Card data for appropriateness.
- Ensuring that lost stolen cards have been blocked by Bank of America.
- Forwarding vendor set up requests to Bank of America.
- Assisting the Departmental Liaison with erroneous declines and emergency transactions.

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## **CARDHOLDER ELIGIBILITY**

Criteria to receive a Purchasing Card is as follows:

- Applicant must be an employee of the Organization.
- Applicant's request for a Purchasing Card must be approved by his/her Department Head.
- Applicant must be assigned a Departmental Liaison selected by his/her Department Head.
- Employee must attend a training session before receiving their Purchasing Card.
- Each individual Cardholder must sign a Cardholder Agreement (Attachment 3) in the presence of the Purchasing Card Administrator.

## **CARDHOLDER LIABILITY**

The Purchasing Card is a corporate charge card which will not affect the Cardholder's personal credit; however, it is the Cardholder's responsibility to ensure that the card is used within stated guidelines of the Purchasing Card Cardholder Manual as well as Agency Name Policies and Procedures relating to the expenditure of Agency Name funds. Failure to comply with program guidelines may result in permanent revocation of the card, notification of the situation to management, and further disciplinary measures that may include termination.

## **CARDHOLDER TERMINATION**

The Purchasing Card Administrator is required to close an account if a Cardholder: (a) transfers to a different department, (b) moves to a new job in which a Purchasing Card is not required; (c) terminates employment or (d) for any of the following reasons which will also subject Cardholder to disciplinary action in accordance with Agency Name Policies and Procedures relating to disciplinary action and termination for cause:

- The Purchasing Card is used for personal or unauthorized purposes.
- The Purchasing Card is used to purchase alcoholic beverages or any substance, material, or service which violates policy, law or regulation pertaining to the Organization.
- The Cardholder allows the card to be used by another individual.
- The Cardholder splits a purchase to circumvent the limitations of the Purchasing Card.
- The Cardholder uses another Cardholder's card to circumvent the purchase limit assigned to either Cardholder or the limitations of the Purchasing Card.
- The Cardholder fails to provide Departmental Liaison with required receipts.
- The Cardholder fails to provide, when requested, information about any specific purchase.
- The Cardholder does not adhere to all of the Purchasing Card policies and procedures.

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**LOST, MISPLACED OR STOLEN PURCHASING CARDS**

Cardholders are required to immediately report any lost or stolen Purchasing Card to Bank of America toll-free at 1-800-538-8788 (24 hours a day, 365 days a year). The Cardholder must also immediately notify his/her Department Liaison about the lost or stolen card at the first opportunity during normal business hours.

**SPENDING CONTROLS**

The Purchasing Card is to be used only for the purchase of supplies. Agency Name spending parameters for each Purchasing Card issued is set at \$2,500 per transaction with a maximum of \$5,000 per month per card. The Organization, through the Purchasing Department, will adjust limits as determined by demonstrated need.

**ERRONEOUS DECLINES**

Should the Purchasing Card be erroneously declined by a vendor, the Cardholder should immediately contact the Departmental Liaison for assistance. If purchase is being made outside of normal Agency Name business hours, the employee must find an alternate payment method or terminate the purchase and contact the Departmental Liaison during normal hours.

**EMERGENCY TRANSACTIONS**

Emergency transactions over \$2,500 may not be handled with the Purchasing Card. For any transaction which does not meet the spending controls assigned to the card, the Cardholder must contact the Departmental Liaison for assistance.

**CREDITS**

Vendors will issue all credits to the individual Purchasing Card account for any item they have agreed to accept for return. This credit will appear on a subsequent statement. Under no circumstances should a Cardholder accept cash in lieu of a credit to the Purchasing Card account.

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### **UNRESOLVED DISPUTES AND BILLING ERRORS**

The Cardholder is responsible for contacting the vendor to resolve any disputed charges or billing errors. If the matter is not resolved with the vendor, the Cardholder/Departmental Liaison should

- Contact Bank of America at 1-800-538-8788 directly for assistance.
- Mail or fax to Bank of America at 1-800-253-5846 a signed Bank of America Dispute Form (Attachment 2) to document the reason for the dispute.
- Contact the Departmental Liaison/Purchasing Card Administrator for assistance if an acceptable resolution is not obtained.
- The total amount billed by Bank of America will be charged to the individual departmental accounts and credits for disputed transactions will be posted to departmental accounts when the credit appears on the Bank of America billing.

### **SECURITY AND STORAGE**

**Purchasing Cards** -Cardholders should always treat the Purchasing Card with at least the same level of care as one does their own personal credit cards. The card should be maintained in a secure location and the card account number should be carefully guarded. The only person entitled to use the card is the person whose name appears on the face of the card. The card may not be lent to another person for any reason.

**Program Documentation** -The Departmental Liaison assigned to each Purchasing Card will maintain the Cardholder's vendor receipts/packing slips/charge slips. All other documentation concerning the Purchasing Card program will be maintained by the Purchasing Card Administrator located in the Purchasing Department. This documentation includes, but is not limited to, applications, Cardholder Agreements, billing statements, reconciliation of accounting statements, InfoSpan programs, and copies of transmittals and correspondence with Bank of America.

### **VENDOR SET UP**

The Purchasing Department will conduct a study of frequently used vendors for purchases under \$2,500 which qualify for use of the Purchasing Card by Cardholders. If a vendor frequently used by Agency Name employees does not accept the Visa card, the Agency Name will assist in recruiting the vendor to take the necessary steps to begin acceptance of the card and provide this information to Bank of America. Cardholders should contact the Departmental Liaison when encountering vendors who do not accept the card.

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## **VENDOR BLOCKING**

Transactions will be blocked at the point-of-sale level at the types of vendors included on the Listing of Blocked Vendors (Attachment 1).

## **PURCHASING CARD SET UP, MAINTENANCE, AND CLOSURE**

All contact with Bank of America for Purchasing Card set up, maintenance and closure (except for reporting lost or stolen cards) will be handled by the Purchasing Card Administrator who is located in the Agency Name Purchasing Department.

### **Card Set Up**

- Agency Name employee completes a Agency Name Purchasing Card application and submits to his/her Department Head for completion and approval.
- Department Head completes the application by providing the name of the Departmental Liaison and default accounting code to be assigned to the card.
- Department Head signature approval delegates transaction authority to the Cardholder.
- Approved application is to be sent to the Departmental Liaison to the Purchasing Card Administrator.
- Purchasing Card Administrator reviews application for completeness and submits application to Bank of America in format approved by Bank of America.
- Upon receipt of the Purchasing Card from Bank of America, the Purchasing Card Administrator will conduct a training session with the Cardholder prior to issuing the card.
- Cardholder signs Cardholder Agreement signifying agreement with the terms of the Purchasing Card program.

### **Card Maintenance**

- Departmental Liaison is to make all maintenance request to the Purchasing Card Administrator
- Purchasing Card Administrator will submit all maintenance request to Bank of America.

### **Closure**

**Lost or Stolen Cards** -Cardholder must immediately report the lost/stolen card to Bank of America at 1-800-538-8788. Cardholder must also notify the Departmental Liaison who will contact the Purchasing Card Administrator who will follow up with Bank of America to ensure the account has been closed.

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**Terminated or Transferred Employees** -Departmental Liaison is to secure Purchasing Cards from terminated employees and employees who transfer to another Agency Name department. The Departmental Liaison will immediately notify the Purchasing Card Administrator by phone of the termination or transfer. A request for closing the Cardholder account will be submitted to Bank of America by the Purchasing Card Administrator within 2 days of receiving the notification. All Purchasing Cards are to be returned to the Purchasing Card Administrator for disposal.

**Other Card Revokes/Closures** -Purchasing Card Administrator will notify Bank of America immediately of all revokes and closures.

## **RECONCILIATION, APPROVAL & ALLOCATION OF BILLING**

### **Receipt and Payment of Bank of America Billing**

- At the close of the monthly billing cycle, Bank of America will send a paper billing statement to the Organization.
- Purchasing Card Administrator will review bill and payment in full will be made to Bank of America.
- Purchasing Card Administrator will prepare payment voucher and submit to accounting for an ACH to be issued to Bank of America. Voucher will be prepared within 5 days after receipt of the Bank of America bill and processed so that payment will reach Bank of America no later than 25 calendar days after the close of the billing cycle of the previous month.
- ACH will be transmitted in accordance with Bank of America's instructions.

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### **Allocation of Purchasing Card Charges to Agency Name Departments**

A default accounting code will be assigned to each Purchasing Card issued. Bank of America will submit an electronic reporting file to the Agency Name which will be used to charge all Cardholder transactions to the default accounting code unless adjustments are made as follows:

- Within 5 days of the receipt of the electronic report from Bank of America, the Purchasing Card Administrator will distribute a monthly Departmental report to the Departmental Liaisons for review and confirmation of Cardholder purchases.
- Upon distribution, Purchasing Card Administrator will notify Departmental Liaisons of the monthly default cut-off date for approvals.
- With the approval of the Department Head, Departmental Liaisons will change default accounting codes if necessary and submit back to Purchasing Card Administrator.
- Departmental Liaisons will identify transactions requiring payment of use tax.
- Departmental Liaisons will approve report in advance of the monthly default cut-off date for approvals established by the Purchasing Card Administrator.
- Departmental Liaisons will assemble and retain Cardholders statements, charge slips and receipts for audit by internal and external auditors. Receipts for purchases must be maintained for 7 years.
- Purchasing Card Administrator will change default code at the request of the Departmental Liaison and then process upload of the departmental charges to accounting for charging individual departments.
- The total amount billed by Bank of America will be charged to the individual departmental accounts and credits for disputed transactions will be posted to departmental accounts when credit appears on the Bank of America billing.
- Purchasing Card Administrator will reconcile the detailed electronic billing statement to amount paid Bank of America.

### **AUDIT**

The Organization's internal control policies and procedures are as follows:

#### **Cardholder will:**

- Reconcile vendor receipts to Cardholder statement.
- Submit vendor receipt and Cardholder statement to Department Liaison If order is by telephone/fax, the Cardholder should supply a copy of the order blank or a description of order to Departmental Liaison.
- Indicate alternate account number and/or cost share account number for purchases to be charged if different than the default account number assigned to the Purchasing Card.

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**Department Liaison will:**

- Review and maintain Cardholder receipts and statements.
- With the approval of the Department Head, enter alternate default codes on the monthly Departmental reports which are distributed by the Purchasing Card Administrator.
- Identify transactions requiring the payment of use tax.
- Approve charges to department in advance of the monthly default cut-off date for approvals established by the Purchasing Card Administrator.
- Retain all receipts and vouchers for audit by internal and external auditors. Receipts for purchases are to be maintained for 7 years.

**Purchasing Card Administrator will:**

- Receive electronic reports from Bank of America and distribute to Departmental Liaisons.
- Establish and notify Departmental Liaisons of monthly cut-off date for approvals.
- Process upload of departmental charges to accounting for charging individual departments.
- Reconcile monthly billing statement to the electronic reporting file.
- Upload to individual departments is to be for the total amount of the electronic report file.
- Make periodic audits of card use and charges for appropriateness through the use of InfoSpan's on-line reporting system. Areas to be monitored include, but not limited to compliance with Purchasing Card regulations, compliance with Agency Name regulations, and sales and use tax charges. Non-use of card by cardholders will also be monitored.